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*Attorneys for Defendants, Acey Livestock, LLC
and Michael Acey*

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF TEXAS
AMARILLO DIVISION**

IN RE:

**McCLAIN FEED YARD, INC.,
McCLAIN FARMS, INC., and
7M CATTLE FEEDERS, INC.,**

Debtors.

Chapter 7

CASE NO.: 23-20084-rlj
Jointly Administered

RABO AGRIFINANCE LLC,

Plaintiff,

vs.

ACEY LIVESTOCK, LLC, et al.,

Defendants

ADV. PROC. NO: 23-02005-rlj

Honorable Robert L. Jones

**ANSWER OF DEFENDANTS, ACEY LIVESTOCK, LLC, AND
MICHAEL ACEY, TO FIRST AMENDED COMPLAINT
FOR DECLARATION OF RIGHTS**

Come the Defendants, Acey Livestock, LLC, and Michael Acey (hereinafter jointly referred to as “Acce Livestock”), by counsel, and pursuant to Fed.R.Bank.P. 8012, file this as their Answer to the First Amended Complaint for Declaration of Rights (hereinafter “Complaint”) filed by the Plaintiff, Rabo Agrifinance LLC (hereinafter “RAF” or “Plaintiff”).

FIRST DEFENSE

The Complaint fails to state a cause of action as against Acey Livestock for which relief can be granted.

SECOND DEFENSE

1. Acey Livestock admits the averments contained in numerical paragraphs 1, 2, 6, 8, 9, 157, 160, 161, 162, 163, 164, 166, 175, 176, 178, 186, 187, 188, 189, 192, 193, 196, 204, 205, 206, 207 and 208 of the Complaint.

2. With respect to the averments contained in numerical paragraph 3 of the Complaint, Acey Livestock admits that this Court may have jurisdiction over this adversary proceeding to the extent that a declaration of rights is sought as to funds not subject to 7 U.S.C. §217b, but denies that funds subject to 7 U.S.C. §217b are assets of the bankruptcy estate and within the jurisdiction of this Court for adjudication.

3. Acey Livestock denies the averments contained in numerical paragraphs 4, 5, 6, 181, 182, 183 and 184 of the Complaint.

4. With respect to the averments contained in numerical paragraph 159 of the Complaint, Acey Livestock admits that it filed claims with the United States Department of

Agriculture under 7 U.S.C. §217b, but is without sufficient knowledge or information to form a belief as to the truth of the remaining averments contained therein.

5. With respect to the averments contained in numerical paragraphs 174, 185 and 203 of the Complaint, Acey Livestock restates each and every response to the specific numerical paragraphs referred to therein and incorporates each such specific response as if fully set forth.

6. Acey Livestock has insufficient knowledge or information to form a belief as to all of the remaining averments of each other numerical paragraph of the Complaint, and thus is deemed to deny all of same.

THIRD DEFENSE

Acey Livestock states affirmatively that to the extent that funds constitute Dealer Trust funds pursuant to 7 U.S.C. §217b, they are not assets of the Debtors' respective bankruptcy estates and this Court lacks jurisdiction to adjudicate entitlement thereto.

FOURTH DEFENSE

Acey Livestock states affirmatively that it has a valid claim to funds constituting Dealer Trust funds 7 U.S.C. §217b, to the extent of that claim, and is entitled to adjudication of the validity and enforceability of such claim and payment of its claim therefrom, prior to and superior to the claims of the Plaintiff and any other Defendants and such claim and entitlement should be recognized and protected by this Court.

FIFTH DEFENSE

Acey Livestock states affirmatively that any claims by any of the Defendants whose claims are designated in the Complaint as "Non-Valid Claims" have no interest in any funds designated as Dealer Trust funds pursuant to 7 U.S.C. §217b, and all of such "Non-Valid Claims" should be adjudicated as invalid and not subject to payment from Dealer Trust funds.

SIXTH DEFENSE

Acey Livestock affirmatively reserves the right to assert additional defenses which may become apparent during the proceedings in this matter or to file Counterclaims or Crossclaims, as are appropriate.

PRAYER FOR RELIEF

WHEREFORE, the Defendants, Acey Livestock, LLC, and Michael Acey, respectfully demand the following:

1. That the Plaintiff's First Amended Complaint be dismissed and that it take nothing thereby;
2. An adjudication and declaration that all funds described as "Estate Funds" in the First Amended Complaint are Dealer Trust funds pursuant to 7 U.S.C. §217b, and not property of the Debtor's respective bankruptcy estates;
3. An adjudication and declaration that the claimed security interest of the Plaintiff does not attach to Dealer Trust funds pursuant to 7 U.S.C. §217b, and that the Plaintiff has no interest therein;
4. An adjudication and declaration that the claims of Acey Livestock are the only valid claims subject to the Dealer Trust statute, 7 U.S.C. §217b, *et seq.*, and that only Acey Livestock is entitled to payment from Dealer Trust funds;
5. An adjudication and declaration that the claims of those other Defendants designated in the Complaint as "Non-Valid Claims" are not entitled to any funds or payments under the Dealer Trust statute, 7 U.S.C. §217b, *et seq.*;
6. Any and all other relief to which Acey Livestock may appear to be entitled, including a reasonable fee for its attorneys of record.

DATED this 28th day of December, 2023.

Respectfully Submitted,

/s/ Joseph H. Mattingly III

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CERTIFICATE OF SERVICE

I hereby certify that the foregoing was electronically filed by the Clerk of the Court on this 28th day of December, 2023, by using the CM/ECF system which will serve a notice of electronic filing upon all interested parties registered. A copy thereof has also been served by electronic mail to the following:

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By: /s/ Joseph H. Mattingly III

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